

Message Text

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PAGE 01 VIENNA 00333 171102Z

ACTION EB-07

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E.O. 11652: N/A

TAGS: EAGR, HU

SUBJECT: HUNGARIAN SOYBEAN MEAL IMPORT SITUATION 1976/77

1. ON JAN. 14, 1977 AGATT MET ORBAN OF AGRIMPEX (PLEASE PROTEXT) RESPONSIBLE FOR PURCHASES OF SOYBEAN MEAL. HE MADE THE FOLLOWING MAJOR POINTS:

2. HUNGARY WILL IMPORT HALF MILLION TONS SOYBEAN MEAL IN 1977, ABOUT 3-5 PERCENT ABOVE 1976. HOWEVER, U.S. SHARE OF THIS MARKET WILL BE RELATIVELY SMALL.

3. BECAUSE OF RELATIVELY HIGH PRICE OF ITS SOYBEAN MEAL, UNITED STATES HAS BEEN LOSING OUT TO BRAZIL IN HUNGARY. WHILE IN EARLIER YEARS U.S. HELD ABOUT TWO-THIRD OF HUNGARIAN SOYBEAN MEAL MARKET, IN 1976 THIS FELL TO 20 PERCENT AND COULD BE EVEN LOWER IN 1977. IMPORTS OF U.S. MEAL IN 1975 WERE OVER 200,00 TONS, IN 1976 THIS DROPPED TO 105,000 TONS.

4. ORBAN SAID THAT 46 PERCENT PROTEIN BRAZILIAN MEAL PRODUCED

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PAGE 02 VIENNA 00333 171102Z

ON BASIS OF U.S. STANDARDS BY CARGRIL CAN BE DELIVERED CIF AT SAME PRICE AS 44 PERCENT U.S. MEAL. ECONOMIC CONSIDERATIONS DICTATE THAT HUNGARY TURNS TO LOWER COST SUPPLIES; THE DIFFERENCE MAY AMOUNT TO \$10-15 PER TON. ORBAN DID NOT SEE MUCH CHANGE IN THESE PRICES IN 1977.

5. ORBAN OFFERED ANOTHER REASON FOR HUNGARY'S SUDDEN SWITCH

TO BRAZILIAN MEALS. AS PROTEIN POOR COUNTRY AND GRAIN RICH, HUNGARY TRIES TO BUY HIGHEST PROTEIN CONTENT MEAL. BRAZILIAN BEANS TEND TO YIELD HIGHER PROTEINS THAN U.S. WHEN 46 AND 48 PERCENT MEALS ARE AVAILABLE IN BRAZIL AND ONLY 44 PERCENT IN U.S., HUNGARY PREFERS TO BUY THE FORMER. HE KNOWS BRAZILIAN INDIRECT EXPORT SUBSIDIES MAKE THIS MEAL AN ATTRACTIVE BUY.

6. COMMENTS. ON BASIS OF ORBAN REMARKS IT APPEARS HUNGARY WILL IMPORT 510,000 TONS OF SOYBEAN MEAL IN 1977 WHICH WILL REPRESENT MORE THAN 80 PERCENT OF ALL MEAL IMPORTS. ONLY AROUND 100,000 TONS ARE EXPECTED TO COME FROM U.S. CONTINUED MAINTENANCE OF HIGHER U.S. PRICE AND/OR LOWER BRAZILIAN PRICES AND LOWER PROTEIN CONTENT OF U.S. MEALS COULD SHRINK U.S. SHARE OF HUNGARIAN MARKET EVEN BELOW THE 20 PERCENT MARK.BUCHANAN

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